

Message Text

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ACTION EA-12

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C O N F I D E N T I A L PEKING 0697

E.O. 11652: GDS
TAGS: ETRD EALR CH US

SUBJ: BUSINESS ACTIVITY REPORT: FEBRUARY

REF: PEKING 348

1. SUMMARY. FOLLOWING THE SPRING FESTIVAL EARLY IN THE MONTH, FOREIGN BUSINESSMEN RETURNED TO PEKING IN LARGE NUMBERS AND US BUSINESS ACTIVITY REACHED THE HIGHEST LEVEL IN RECENT MONTHS. ON THE US SELLING SIDE, A NUMBER OF MAJOR US FIRMS MADE PRESENTATIONS ON OIL FIELD EQUIPMENT, GEAR CUTTING MACHINERY, MINING EQUIPMENT. ETC. TO OUR KNOWLEDGE, NO MAJOR NEW CONTRACTS WERE CONCLUDED, BUT THERE WERE SOME SPARE PARTS SALES. BY THE END OF THE MONTH MOST OF THE MAJOR AMERICAN TRADERS SPECIALIZING IN CHINA WERE IN PEKING. ON THE PRC SELLING SIDE, THE HIGHLIGHT WAS THE CARPET MINI-FAIR HELD IN PEKING. ONE US BUYER PURCHASED APPROXIMATELY ONE-HALF MILLION DOLLARS WORTH. END SUMMARY.

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2. BUCYRUS-ERIE. INTERNATIONAL SALES MANAGER W.M. GOMEZ AND ONE OTHER WERE IN PEKING TO NEGOTIATE A \$4 MILLION PARTS CONTRACT FOR A PREVIOUS SALE OF MINING EQUIPMENT. THEY ALSO DISCUSSED SOME OF BUCYRUS-ERIE'S OTHER PRODUCT LINES WITH MACHIMPEX BUT DID NOT CONCLUDE ANY NEW SALES.

3. GLEASON WORKS. EXECUTIVE VP CHARLES PARK AND TWO OTHERS SPENT A WEEK IN PEKING DISCUSSING POSSIBLE SALES OF GEAR CUTTING MACHINERY TO MACHIMPEX.

4. DELAVAL. FIRM REPS DONALD REED AND ERNEST THOMPSON HELD DISCUSSIONS ON SPARE PARTS CONTRACTS WORTH IN EXCESS OF \$1 MILLION FOR TURBINES AND COMPRESSORS SUPPLIED FOR THE M.W. KELLOGG FERTILIZER PLANTS. THE FIRM ALSO HOPES TO HOLD SEMINARS ON VARIOUS DELAVAL TECHNOLOGIES (SEPARATE FROM KELLOGG) LATER IN THE SPRING.

5. FLOUR INTERNATIONAL. VICE PRESIDENTS J.G. JONES AND A.W. PICONE PLUS TWO OTHERS WERE IN PEKING TO DISCUSS FIRM'S GAS SEPARATION TECHNOLOGY TO EXTRACT METHANE AND BUTANE FOR USE IN MANUFACTURING PETROCHEMICALS.

6. CAMERON IRON WORKS. R.N. WINSHIP DISCUSSED POSSIBLE FURTHER SALES OF PETROLEUM EQUIPMENT, INCLUDING CHRISTMAS TREES AND BLOWOUT PREVENTERS.

7. BENRUS. PRESIDENT BENJAMIN LAZARUS REPORTEDLY VISITED PEKING WITH A PROPOSAL FOR THE SALE OF A COMPLETE WATCH PLANT.

8. DAEDALUS ENTERPRISES. JOHN T. SMITH VISITED PEKING TO DISCUSS DETAILS FOR TRAINING PRC TECHNICIANS IN CONNECTION WITH FIRM'S SALE OF LINE SCANNERS.
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9. IBM. IBM REAM VISITED PEKING AND SHENYANG DURING THE MONTH IN CONNECTION WITH FIRM'S COMPUTER CONTRACT.

BUYERS

10. GENSCO. VP GEORGE LANGSTAFF, JR., AND THREE OTHERS VISITED CHINA TO DISCUSS POSSIBILITIES FOR COOPERATION IN SHOE MANUFACTURING AND APPAREL.

11. CORVIN-PVH. FIRM REP RIKKI ISHAK RETURNED TO PEKING TO CONTINUE CORVIN-PVH'S LARGE TEXTILE AND APPAREL PURCHASING ACTIVITIES.

12. DBA, LTD. TAYLOR HASTIE, A FABRIC DESIGNER ASSOCIATED WITH ALEC BLUM, WAS THOROUGHLY QUIZZED BY CHINATEX OFFICIALS ON USTRENDS AND STYLES. CHINESE ARE CLEARLY ANXIOUS TO KEEP ABREAST OF FASHION DEVELOPMENTS IN THE US AND TO BEGIN PRODUCING FASHIONABLE GOODS. BLUM AND HASTIE ALSO VISITED SHANGHAI TO DISCUSS DESIGNS AND STYLES OF FABRICS ALREADY CONTRACTED FOR BY BLUM.

13. MERRILL, LYNCH, PIERCE, FENNER AND SMITH.
REPRESENTATIVES OF A DIVISION OF THIS FIRM VISITED
PEKING DURING THE MONTH AND BOUGHT ABOUT \$1 MILLION WORTH
OF ANTIQUES AND HANDICRAFTS.

OTHER.

14. CARPET MINI-FAIR. APPROXIMATELY 200 BUSINESSMEN ATTENDED

THE CARPET MINI-FAIR HELD IN PEKING FROM
FEBRUARY 20 TO MARCH 2, MOSTLY WERE EUROPEANS AND
JAPANESE BUT THERE WERE 13 OR 14 AMERICAN FIRMS REPRESENTED.
ONE US BUYER CLAIMED TO HAVE CONCLUDED \$500,000 WORTH OF
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PURCHASES. THE CHINESE RAISED CARPET PRICES FOR THE
FIRST TIME SINCE 1974, BUT THIS DID NOT APPEAR TO HAVE
ANY SERIOUS EFFECT ON SALES.

15. THIS MESSAGE CONTAINS SENSITIVE COMMERCIAL
INFORMATION WHICH SHOULD NOT BE DISCUSSED OUTSIDE THE
US GOVERNMENT.
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